

Message Text

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ORIGIN EB-07

INFO OCT-01 AF-10 ARA-14 EUR-12 EA-09 NEA-10 IO-14
ISO-00 SSO-00 SIG-02 MMO-04 INRE-00 USIE-00 NSC-05
NSCE-00 SS-15 L-03 FRB-01 OMB-01 ITC-01 SP-02
AGRE-00 AID-05 CIAE-00 COME-00 INR-07 LAB-04
NSAE-00 OIC-02 EPG-02 SIL-01 STR-04 TRSE-00
CEA-01 /137 R

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O R 072105Z JUL 77

FM SECSTATE WASHDC

TO AMEMBASSY BRUSSELS IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY MANILA IMMEDIATE

AMEMBASSY TOKYO IMMEDIATE

INFO AMEMBASSY BANGKOK

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CAIRO

AMEMBASSY CANBERRA

AMCONSUL DURBAN

AMEMBASSY GEORGETOWN

USMISSION GENEVA

AMEMBASSY GUATEMALA

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY PORT LOUIS

AMEMBASSY PRETORIA

AMCONSUL RIO DE JANEIRO

AMEMBASSY SANTO DOMINGO

AMEMBASSY SUVA

AMEMBASSY MBABANE

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AMEMBASSY MEXICO

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USOECN, USEEC

E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: SUGAR: U.S. CONCEPT FOR A RESERVE STOCK AND
FINANCING SCHEME

REF: STATE 157273

1. FOLLOWING IS THE TEXT OF U.S. CONCEPT FOR CONSULTATIONS
BY ACTION ADDRESSEES WITH HOST GOVERNMENTS. FURTHER
INSTRUCTIONS FOLLOW SEPTTEL.

BEGIN QUOTE:

SIZE OF THE STOCK

THE RESERVE STOCK HELD BY EXPORTING MEMBERS WITH QUOTAS
SHOULD TOTAL THREE MILLION METRIC TONS. STOCKS ARE AN
OBLIGATION AND SUBJECT TO VERIFICATION BY THE ISO. STOCK-
HOLDING RESPONSIBILITY WOULD BE PROPORTIONATE WITH QUOTA
DISTRIBUTION (E.G. A COUNTRY HOLDING TWELVE PERCENT OF
QUOTA WOULD HOLD TWELVE PERCENT OF TOTAL STOCKS).

PHASING

STOCKS ARE BUILT WHEN QUOTAS ARE IN EFFECT. THE RATE
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OF ACCUMULATION SHOULD BE AS FOLLOWS:

-- YEAR ONE - 1.2 MILLION TONS
-- YEAR TWO - 1.2 MILLION TONS
-- YEAR THREE - 0.6 MILLION TONS

SUGAR STABILIZATION FEE

IMPORTING MEMBER COUNTRIES WILL ASSURE THAT THE SUGAR
STABILIZATION FEE IS PAID TO THE ISO ON ALL FREE MARKET
SUGAR IMPORTS WHETHER FROM MEMBERS OR NON-MEMBERS. EX-
PORTING MEMBER COUNTRIES WILL ASSURE THE FEE IS PAID ON
ALL EXPORTS TO NON-MEMBER IMPORTING COUNTRIES. THE ISO
WILL SELL STAMPS AS THE VEHICLE AND PROOF OF PAYMENT.
STAMPS MAY BE SOLD THROUGH AGENTS SUCH AS COMMERCIAL OR
STATE BANKS IN BOTH IMPORTING AND EXPORTING COUNTRIES.

THE FEE WILL BE PAID TO A SUGAR STABILIZATION FUND,
ADMINISTERED BY THE ISO. THE AMOUNT OF FEE COLLECTED
MUST BE SUFFICIENT TO PERMIT THE FUND TO MAKE INTEREST
FREE LOANS TO EXPORTING COUNTRIES TO COVER THE CARRYING
COSTS OF THE RESERVE STOCK FOR THE FIVE YEARS OF THE
AGREEMENT. ALL LOANS ARE CALLABLE WHEN SUGAR IS IN THE

UPPER ZONE OF THE PRICE RANGE IN ACCORD WITH THE TRIGGER
POINTS IN THE AGREEMENT.

ONE OF THE PURPOSES OF THE UPCOMING MEETING IN LONDON IS
TO AGREE ON ESTIMATES OF CARRYING COSTS. THE U.S. IS
ASSEMBLING COST DATA FROM OUR DOMESTIC SUGAR PRODUCERS
ON THE VARIOUS COMPONENTS OF STORAGE CHARGES. OUR PRE-
LIMINARY DATA INDICATES SUCH COSTS ARE WELL UNDER ONE
CENT PER POUND PER YEAR. IF THIS IS THE CASE THE AMOUNT
OF THE FEE REQUIRED WOULD BE UNDER DOLS. FOUR PER TON IF
WE ASSUME IMPORTS FROM THE FREE MARKET OF ROUGHLY 15
MILLION METRIC TONS. END QUOTE. VANCE

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Disposition Case Number: n/a
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Reference: 77 STATE 157273
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TAGS: ETRD, EAGR, US
To: BRUSSELS LONDON MULTIPLE
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